

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 1092

PRINTER NO. 1405

AMOUNT

No Fiscal Impact

FUND

Insurance Regulation and Oversight Fund

DATE INTRODUCED

March 11, 2024

PRIME SPONSOR

Senator DiSanto

DESCRIPTION

Senate Bill 1092 amends Title 40 (Insurance) authorizing insurance companies to provide rebates and inducements to consumers for value added services worth a value of \$125.

The bill maintains provisions in current law preventing insurance providers from offering a rebate or inducement to purchase insurance coverage for anything of financial value not specified directly in the insurance policy.

The bill provides exemptions to the prohibition, including:

- Paying bonuses to policyholders or abating premiums associated with the policy if the benefit is both fair and equitable and benefits the policyholder and the company;
- Making an allowance to policyholders on a life insurance debit plan if the policyholder had routinely paid their premiums. The amount of the allowance must fairly represent the savings the insurer realizes by not going through the collections process;
- Adjusting premiums based on losses or expenses associated with the group insurance policy;
- Engaging in agreements that do not violate 12 U.S.C. Sections 1972 and 1464 (q); and
- Providing a value-added product or service for free or at a reduced cost, which pertains to the coverage and either reduces risk, educates the consumer or enhances the personal or financial health of the consumer. Insurers or insurer producers can conduct permissible activities under the bill with new products if they have a good faith belief the product meets this exemption and give proper notice to the Department of Insurance.

The bill authorizes insurers or insurance producers to provide noncash gifts, items or services as long as the value of the gift or service does not exceed \$125 during the calendar year. The Insurance Commissioner may increase the \$125 threshold upon publication in the Pennsylvania Bulletin.

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Noncash gifts may be used to recruit or retain new customers as long as the gift or service does not unfairly discriminate, nor is it contingent on purchasing an insurance product. Additionally, in the case of an institutional customer, the cost of the gift or service cannot be charged to another person or entity.

The bill prohibits insurance from being offered as an inducement to purchase another policy using the terms "free", and "no cost". The prohibition includes similar words or efforts to the phrases expressly mentioned in the bill.

This act shall take effect in 180 days.

FISCAL IMPACT:

Enactment of Senate Bill 1092 will have no fiscal impact on Commonwealth funds.